

Message Text

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51

ACTION NEA-10

INFO OCT-01 EUR-12 EA-06 ISO-00 OMB-01 FEA-01 AEC-05

AID-05 CEA-01 CIAE-00 CIEP-01 COME-00 DODE-00 EB-07

FPC-01 H-01 INR-05 INT-05 L-02 NSAE-00 NSC-05 PM-03

RSC-01 SAM-01 OES-03 SP-02 SS-15 STR-01 TRSE-00

FRB-01 /096 W

----- 113049

R 260730Z NOV 74

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 9379

INFO AMEMBASSY BEIRUT

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMCONSUL DHAHRAN

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY ROME

AMEMBASSY TEL AVIV

AMEMBASSY TOKYO

C O N F I D E N T I A L JIDDA 6941

E.O. 11652: GDS

TAGS: EFIN, SA, UK, US

SUBJECT: VISIT OF CHANCELLOR DENIS HEALEY

BEGIN SUMMARY: BRITISH CHANCELLOR OF EXCHEQUER WILL
VISIT SAUDI ARABIA DECEMBER 9-12. THE SAUDIS ASKED
THAT HE BEGIN HIS VISIT IN RIYADH. ACCORDING TO BRITISH
EMBASSY SOURCES, THEY HAVE NO INFORMATION INDICATING THAT
HE WOULD RAISE PROBLEM OF BILATERAL SUPPLY OF PETROLEUM
NOR REQUEST FURTHER SPECIAL DEPOSITS OF SAUDI FUNDS.

END SUMMARY

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1. UK CHARGE H.B. WALKER NOV 24 CALLED AT EMBASSY TO

INFORM US OF THE VISIT OF CHANCELLOR OF EXCHEQUER DENIS HEALEY DEC 9-12. THE VISIT HAS BEEN PINNED TO THE RELATIONSHIP THE CHANCELLOR DEVELOPED WITH PRINCE FAHD, MINISTER OF INTERIOR AND SECOND DEPUTY PRIME MINISTER, DURING THE LATTER'S PRIVATE VISIT TO THE UNITED KINGDOM IN SEPTEMBER.

2. THIS WILL BE THE FIRST VISIT BY A MINISTER OF THE SECOND SILSON CABINET TO ANY ARAB COUNTRY AND THE FIRST VISIT OF A BRITISH CABINET MINISTER TO SAUDI ARABIA IN MORE THAN 18 MONTHS. (LORD CARRINGTON WAS HERE IN APRIL 1973).

3. CHANCELLOR WILL BE ACCOMPANIED BY SIR DEREK MITCHELL, FORMER BRITISH TREASURY REPRESENTATIVE IN WASHINGTON AND THE SECOND RANKING CIVIL SERVANT IN THE FINANCIAL FIELD IN LONDON. CHARGE SAID THAT HE HAD RECEIVED NO SPECIFIC INFORMATION ON WHAT THE CHANCELLOR MIGHT DISCUSS WITH THE KING, PRINCE FAHD, AND PRINCE MUSA'ID THE MINISTER OF FINANCE. HE IS ALSO EXPECTED TO HAVE INTERVIEWS WITH THE HEAD OF CENTRAL PLANNING AND THE MINISTER OF STATE FOR FINANCE AND VISIT THE SAUDI ARABIAN MONETARY AGENCY IN JIDDA.

4. SAUDI FOREIGN MINISTRY HAD JUST MADE THE REQUEST THAT THE CHANCELLOR BEGIN HIS VISIT IN RIYADH ON DEC 9 INSTEAD OF JIDDA AS PREVIOUSLY PLANNED. THE VISIT IS BEING KEYED TO THE EFFECTS OF HIGH OIL PRICES IN THE SEARCH FOR ALTERNATIVE SOURCES OF ENERGY AND THE EFFECT THESE ARE HAVING ON THE WORLD ECONOMY. THE SAUDIS HAVE BEEN TOLD THAT HE WISHES TO DISCUSS THE QUOTE COMMON INTEREST OF OIL CONSUMERS AND PRODUCERS IN DEVELOPING A CONSTRUCTIVE DIALOGUE BETWEEN THEM UNQUOTE.

5. BRITISH CHARGE SAID THAT THERE HAD BEEN NO INDICATION THE CHANCELLOR MIGHT OR MIGHT NOT DISCUSS SPECIAL DEPOSITS AS A MEANS OF STRENGTHENING THE POUND. ECON COUNSELOR NOTED THAT THE JAPANESE RECEIVED A BILLION DOLLARS ON A 5-YEAR TIME DEPOSIT BUT ONLY AFTER GUARANTEEING INTEREST PAYMENT OF 10.25PERCENT. CHARGE SAID CONFIDENTIAL

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THAT THERE WAS NO INDICATION THAT A SIMILAR ARRANGEMENT WOULD BE SOUGHT BY LONDON; HOWEVER, ALL FINANCIAL PEOPLE WERE NOTORIOUSLY SECRETIVE AND HE KNEW OF CONTINUING CORRESPONDENCE BETWEEN THE HEAD OF THE BANK OF ENGLAND AND FORMER GOVERNOR OF SAMA ANWAR ALI RIGHT UP TO THE MOMENT OF ALI'S DEATH. HE NOTED THAT THE TREASURY IN WASHINGTON WAS INFORMED OVER THE WEEKEND CONCERNING THE TRAVEL OF THE CHANCELLOR.

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